



ASX Announcement | 24 February 2023
TPC Consolidated Limited (ASX:TPC)

TPC Consolidated releases its Appendix 4D and 2023 Half-Year Financial Report

TPC Consolidated Limited (ASX:TPC) provides the attached Appendix 4D and Financial Report for the half-year ended 31 December 2022.

Authorised for release by the Board of TPC.

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About TPC Consolidated

TPC Consolidated Limited (ASX:TPC) owns and operates leading Australian-based electricity and gas retailer CovaU (pronounced “cover you”), which offers competitively priced products to household as well as business (Small Medium enterprises and Commercial and Industrial) customers.

The client base of TPC’s CovaU business, spread across most Australian states and territories, can choose from a wide range of products, from conventional gas and electricity through to solar, wind and ‘greenpower’ plans.

TPC is focussed on further expanding CovaU’s market presence in the energy segment of the Australian utilities sector. The Company’s expansion plans include additions to its current suite of renewables segment-related energy products, as consumers preference energy sources that accelerate the decarbonisation process.

To learn more, please visit:
www.tpc.com.au
www.covau.com.au

Appendix 4D Half-year Report

TPC CONSOLIDATED LIMITED
ABN 99 073 079 268

Current Reporting Period:	Half-year Ended 31 December 2022
Previous Corresponding Period:	Half-year Ended 31 December 2021

Results for Announcement to the Market

		Change		Amount
Revenue from ordinary activities	Up	33.2%	To	\$75,448,516
Earnings before interest expense, taxation, depreciation and amortisation (EBITDA)	Up	3688.5%	To	\$18,949,758
Result from ordinary activities after tax attributable to members	Up	359649.0%	To	\$12,083,969
Result for the period attributable to members	Down	-585.3%	To	-\$24,138,492

Earnings Per Share

	31 December 2022 Cents	31 December 2021 Cents
Basic earnings per share	106.23	0.03
Diluted earnings per share	106.23	0.03

Net Tangible Asset Backing

	31 December 2022 Cents	31 December 2021 Cents
Net tangible asset per share*	205.57	177.66

* Net tangible asset is calculated based on net assets less intangible assets

Dividend

	Amount per Security Cents	Franked amount per Security Cents
Interim dividend for current reporting period (Payable 22 March 2023)	10.00	10.00
Record date for determining entitlements to dividend	8 March 2023	n/a

Review and Results of Operations

Highlights

- Group revenue totalled \$75.4 million in 1H FY23, up 33.2% from the previous comparative period (PCP)
- Gross profit was \$27.6 million, up 198.6% on the PCP total of \$9.2 million
- EBITDA from operations was \$18.9 million, much improved on the PCP total of \$0.5 million
- A robust balance sheet was maintained, with cash and bank deposits totalling \$32.6 million at the end of 1H FY23
- A fully franked FY23 interim dividend 10.0 cents per share declared, reflecting the TPC Consolidated Board's confidence in the long-term outlook for the Company's core business.

\$000's	Half-year Ended 31 December 2022	Half-year Ended 31 December 2021	% change
Revenue	75,449	56,656	33.2%
EBITDA ⁽¹⁾	18,950	500	3688.5%
NPAT	12,084	3	359649.0%

⁽¹⁾ EBITDA is a non-IFRS measure and is used internally by management to assess the performance of the business. EBITDA has been extracted from the full financial report.

Continuing operations revenues go significantly higher in 1H FY23

Group revenue totalled \$75.4 million in 1H FY23, up 33.2% from the PCP. This headline revenue increase was primarily attributable to increases of our energy retail price, which was underpinned by an increase in the wholesale spot and future prices on the persistent shortage of coal and gas in domestic market. However, we also experienced a decline in the number of billable meters to around 16,000 by the end of 1H FY23 (a figure down 39.8% on a PCP basis).

TPC's 1H FY23 gross profit of \$27.6 million was up 198.6% on PCP. This increase was attributable to a large 20.3 percentage point increase to 36.6% in TPC's 1H FY23 gross margin. This was, in turn, the result of a higher energy gross margin, which increased to 35.8% (versus 16.2% in 1H FY22).

The increased energy margin over 1H FY23 was attributable to the gains on the hedged electricity and gas contracts which in the large part mitigated the impact of high wholesale costs. Overall, the electricity margin was up 19.7 percentage points to 35.2% while the gas margin was up 19.0 percentage points to 36.8% on PCP.

The TPC Group's operating expenses, inclusive of employee benefit expenses, rose to \$12.0 million in 1H FY23 (up 25.4% on PCP).

The increase in operating expense total was also partly attributable to a higher bad debt expense, which totalled \$3.4 million primarily due to higher retail rates in the TPC Group's 1H FY23 (up 61.0% on PCP). If bad debts expense is excluded, Group operating expenses, including employee benefit expenses, were \$8.5 million, up 15.2% on PCP.

The increase in operating expenses, excluding bad debt expense, was limited by the successful implementation of a range of cost control initiatives that helped deliver a significant improvement in TPC's efficiency ratio to 11.3% (versus 13.1% in 1H FY22).

Earnings before interest, taxation, depreciation, amortisation and impairment (EBITDA) from operations in 1H FY23 was \$19.0 million, up by 3,688.5% or \$18.5 million on the PCP of \$0.5 million.

Profit after tax (NPAT) of the consolidated entity totalled \$12.1 million in 1H FY 23, up by \$12.1 million on the PCP of \$0.003 million.

Minimal Gearing and Strong Financial Position at End 1H FY23

TPC Group net assets as at end of 1H FY23 totalled \$27.0 million, down 48.3% or \$25.3 million on the PCP. The decrease in net assets represented the profit after tax of \$10.9 million and the decrease in the negative fair value movement on derivatives of \$36.2 million (a fair value adjustment on derivatives designated for hedge accounting), which were reported in 1H FY23.

As at the end of 1H FY23 cash and bank deposits totalled \$32.6 million (including an amount of \$11.3 million held as security for bank facilities). This cash and bank deposits total was up \$22.0 million or 208.5% on PCP.

Associated Entities

The Group does not have any interests in associates or joint ventures outside the group.

Auditor review

This report is based on the financial statements reviewed by the auditor Grant Thornton Audit Pty Ltd which are not subject to any disputes or qualifications.

TPC CONSOLIDATED LIMITED

A.B.N. 99 073 079 268

Financial Report For The Half-Year Ended 31 December 2022

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CORPORATE DIRECTORY

DIRECTORS

Greg McCann	Chairman (Non-executive)
Chiao-Heng (Charles) Huang	Managing Director, Chief Executive Officer
Jeffrey Ma	Director, Chief Financial Officer, Company Secretary
Steven Goodarzi	Director, Chief Strategy Officer

COMPANY SECRETARY

Jeffrey Ma

REGISTERED OFFICE

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Telephone: (02) 9009 6888
Facsimile: 1300 369 222

Website: www.tpc.com.au

AUDITOR

Grant Thornton Audit Pty Ltd
Level 17, 383 Kent Street, Sydney NSW 2000

SOLICITOR

Baker & McKenzie
Level 46, 100 Barangaroo Avenue, Sydney NSW 2000

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street, Sydney NSW 2000

DIRECTORS' REPORT

Your directors present their report on the consolidated entity for the half-year ended 31 December 2022

Directors

The names of the directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Greg McCann	Chairman (Non-executive)
Chiao-Heng (Charles) Huang	Managing Director, Chief Executive Officer
Jeffrey Ma	Director, Chief Financial Officer, Company Secretary
Steven Goodarzi	Director, Chief Strategy Officer

Principal Activities

The principal activities of the consolidated entity during the half-year were the provision of retail electricity and gas services to residential and business customers and the provision of pre-paid mobile and related services in Australia. These activities have not changed during the period.

Review and Results of Operations

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- EBITDA from operations was \$18.9 million, much improved on the PCP total of \$0.5 million
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DIRECTORS' REPORT (Continued)

Review and Results of Operations (Continued)

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The FY23 outlook

TPC expects electricity pricing to remain volatility for some time yet, as ongoing geopolitical tensions and macroeconomic uncertainties hinder a return to more normal markets. In such an environment, we anticipate that CovaU's long time conservative policy of hedging its load will become a more expensive exercise.

Despite these anticipated price gyrations, TPC will continue to pursue a growth strategy that has both organic and M&A components.

TPC has a deep understanding of what drives electricity pricing. Utilising these skills, the Group now plans to further evolve its investment capabilities and create a new wholly-owned subsidiary, the sole focus of which will be electricity pricing-related investments. This new business will simultaneously provide some stability to Group financial performance and enhance profitability.

The Group will continue to leverage off opportunities now presenting in the retail electricity market-place. Aligning with this strategy, TPC's CovaU Energy has recently completed its second renewable power purchase agreement in Victoria as part of its intention to be a green retailer as Australia's push towards Net Zero continues to be progressed.

Despite prevailing challenges in the retail energy sector, TPC's strong financial position means it is well-placed to meet current volatility in electricity markets and provide value-oriented investors consistent returns over the longer term.

DIRECTORS' REPORT (Continued)

Dividend

On 24 February 2023, the directors of TPC Consolidated Limited declared a FY23 interim dividend on ordinary shares. The total amount of \$1,137,561 represents a fully franked dividend of 10.0 cents per share. The record date for the interim dividend is 8 March 2023. The intended date of payment is 22 March 2023. The interim dividend has not been provided for in the 31 December 2022 financial statements.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the half year ended 31 December 2022.

Auditor's Independence Declaration

The Auditor's independence declaration as required by s307c of the Corporations Act 2001, is set out on page 6 and forms part of this report.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to be 'G. McCann'.

Greg McCann
Chairman

A handwritten signature in black ink, appearing to be 'Chiao-Heng (Charles) Huang'.

Chiao-Heng (Charles) Huang
Managing Director

Dated 24 February 2023

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW
1230
T +61 2 8297 2400

Auditor's Independence Declaration

To the Directors of TPC Consolidated Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of TPC Consolidated Limited for the half-year ended 31 December 2022. I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



S M Thomas
Partner – Audit & Assurance

Sydney, 24 February 2023

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	Half-year Ended 31 December 2022 \$	Half-year Ended 31 December 2021 \$
Revenue from contracts with customers		75,448,516	56,656,300
Delivery of services		(47,823,668)	(47,406,188)
Gross profit		27,624,848	9,250,112
Gain on sale of derivatives		3,286,288	-
Gross profit and gain on sale of derivatives		30,911,136	9,250,112
Other income		9,923	815,480
		30,921,059	10,065,592
Operating expenses		(7,687,850)	(5,227,644)
Employee benefits expense		(4,294,207)	(4,329,940)
Gain/(Loss) on fair value of derivatives		10,756	(7,814)
Earnings before interest, taxation, depreciation, amortisation and impairment (EBITDA)		18,949,758	500,194
Depreciation and amortisation		(407,845)	(398,783)
Earnings before interest and taxation (EBIT)		18,541,913	101,411
Finance revenue		49,820	3,758
Finance costs		(43,758)	(22,830)
Profit before income tax		18,547,975	82,339
Income tax expenses		(6,464,006)	(78,980)
Profit for the period		12,083,969	3,359
Other comprehensive income for the period, net of tax			
<i>Amounts that may subsequently be transferred to profit or loss</i>			
Exchange differences on translation of foreign operations		627	(5,098)
Fair value movement on derivatives designated for Hedge Accounting		(51,747,269)	4,975,257
Tax relating to loss in fair value of cash flow hedges		15,524,181	-
Other comprehensive income for the period, net of tax		(36,222,461)	4,970,159
Total comprehensive income for the period		(24,138,492)	4,973,518
Profit attributable to Members of TPC Consolidated Limited		12,083,969	3,359
Total comprehensive income attributable to Members of TPC Consolidated Limited		(24,138,492)	4,973,518
		Cents	Cents
Earnings per share for the period attributable to the members of TPC Consolidated Limited			
Earnings per share			
- Basic earnings per share	4	106.23	0.03
- Diluted earnings per share	4	106.23	0.03

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	As at 31 December 2022 \$	As at 30 June 2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents		21,279,155	5,264,938
Trade and other receivables	6	13,408,223	18,154,730
Inventories		10,735	45,376
Derivatives held at fair value	14	267	50,434,492
Bank deposits	7	11,307,724	5,296,676
Other current assets	8	2,857,203	1,183,541
Total Current Assets		<u>48,863,307</u>	<u>80,379,753</u>
Non-Current Assets			
Property, plant and equipment		367,791	482,363
Right of use assets	10	3,661,794	374,992
Deferred tax assets		3,822,805	-
Total Non-Current Assets		<u>7,852,390</u>	<u>857,355</u>
TOTAL ASSETS		<u>56,715,697</u>	<u>81,237,108</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	9	13,250,638	6,732,985
Borrowings		-	1,455,481
Current tax liabilities		6,324,388	3,135,339
Derivatives held at fair value	14	1,312,777	10,488
Lease liabilities	10	546,077	385,818
Short term provisions		2,007,364	1,995,564
Contract liabilities	11	3,044,861	2,587,726
Total Current Liabilities		<u>26,486,105</u>	<u>16,303,401</u>
Non-Current Liabilities			
Long term provisions		97,259	99,592
Lease liabilities	10	3,085,889	26,399
Deferred tax liabilities		-	12,493,619
Total Non-Current Liabilities		<u>3,183,148</u>	<u>12,619,610</u>
TOTAL LIABILITIES		<u>29,669,253</u>	<u>28,923,011</u>
NET ASSETS		<u>27,046,444</u>	<u>52,314,097</u>
EQUITY			
Issued capital	12	10,507,708	10,499,308
Reserves		(923,722)	35,298,739
Retained Earnings		17,462,458	6,516,050
TOTAL EQUITY		<u>27,046,444</u>	<u>52,314,097</u>

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Issued Capital \$	Reserves \$	(Accumulated Losses)/ Retained Earnings \$	Total \$
Balance at 1 July 2021	10,488,388	3,717,532	2,782,175	16,988,095
Profit for the period	-	-	3,359	3,359
Other comprehensive income	-	4,970,159	-	4,970,159
Total comprehensive income for the period	-	4,970,159	3,359	4,973,518
<i>Transactions with Shareholders</i>				
Payment related to partially paid shares	8,400	-	-	8,400
Dividend paid	-	-	(1,137,561)	(1,137,561)
Balance at 31 December 2021	<u>10,496,788</u>	<u>8,687,691</u>	<u>1,647,973</u>	<u>20,832,452</u>
 Balance at 1 July 2022	 10,499,308	 35,298,739	 6,516,050	 52,314,097
Profit for the period	-	-	12,083,969	12,083,969
Other comprehensive income	-	(36,222,461)	-	(36,222,461)
Total comprehensive income for the period	-	(36,222,461)	12,083,969	(24,138,492)
<i>Transactions with Shareholders</i>				
Payment related to partially paid shares	8,400	-	-	8,400
Dividend paid	-	-	(1,137,561)	(1,137,561)
Balance at 31 December 2022	<u>10,507,708</u>	<u>(923,722)</u>	<u>17,462,458</u>	<u>27,046,444</u>

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Half-year Ended 31 December 2022 \$	Half-year Ended 31 December 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	87,702,617	58,671,862
Payments to suppliers and employees (inclusive of GST)	(61,937,757)	(60,050,398)
Proceeds from the sale of derivatives	3,286,288	-
Interest received	49,404	3,783
Interest and other financial costs paid	(62,851)	(22,830)
Income tax paid	(4,067,200)	(956,813)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	<u>24,970,501</u>	<u>(2,354,396)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(53,337)	(79,870)
Payment to bank deposits	(6,011,048)	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(6,064,385)</u>	<u>(79,870)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from partially paid share capital	8,400	8,400
Dividends paid	(1,137,561)	(1,137,561)
Proceeds from borrowings	-	824,806
Repayment of borrowings and lease liabilities	(1,762,738)	(1,150,283)
NET CASH USED IN FINANCING ACTIVITIES	<u>(2,891,899)</u>	<u>(1,454,638)</u>
Net increase/(decrease) in cash held	16,014,217	(3,888,904)
Cash and cash equivalents at beginning of period	5,264,938	7,026,110
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>21,279,155</u></u>	<u><u>3,137,206</u></u>

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The financial report of TPC Consolidated Limited and its controlled entities for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the TPC Board of Directors on 24 February 2023.

TPC Consolidated Limited is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

2 GENERAL INFORMATION AND BASIS OF PREPARATION

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2022 and are presented in Australian Dollar (\$AUD), which is the functional currency of the Parent Company.

These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2022 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

Accounting policies are consistent with those used at 30 June 2022.

3 ESTIMATES AND JUDGEMENTS

The estimates and judgements used in these financial statements are consistent with those used for the year end accounts.

When preparing the Interim Financial Statements, management undertakes a number of judgements, estimates and assumption about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 EARNINGS PER SHARE

	Half-year Ended 31 December 2022 Cents	Half-year Ended 31 December 2021 Cents
Basic earnings per share	106.23	0.03
Diluted earnings per share	106.23	0.03
Net earnings used in the calculation of basic and diluted EPS	\$ 12,083,969	\$ 3,359
Weighted average number of ordinary shares outstanding during the period used: in the calculation of basic EPS	Number 11,375,613	Number 11,375,613
in the calculation of diluted EPS	11,375,613	11,375,613

5 DIVIDENDS PAID AND PROPOSED

	Half-year Ended 31 December 2022 \$	Half-year Ended 31 December 2021 \$
a) Dividends paid during the period: Final franked dividends for financial year 30 June 2022: 10 cents (2021: 10 cents)	<u>1,137,561</u>	<u>1,137,561</u>
b) Dividends declared and not recognised as a liability: Interim franked dividends for financial year 30 June 2023: 10 cents (2022: 3 cents)	<u>1,137,561</u>	<u>341,268</u>

On 24 February 2023, the Directors declared a fully franked interim dividend for the year ended 30 June 2023 of 10 cents per ordinary share, to be paid on 22 March 2023 to eligible shareholders on the register at 8 March 2023. The equates to an estimated distribution of \$1,137,561 based on the number of ordinary shares in issue at 31 December 2022.

6 TRADE AND OTHER RECEIVABLES

	As at 31 December 2022 \$	As at 30 June 2022 \$
Trade receivables	19,016,388	14,918,635
Expected credit losses	(5,838,606)	(4,703,829)
Contract Assets (a)	214,220	6,514,256
Goods and Services Tax Receivable	-	1,392,156
Other receivables	16,221	33,512
	<u>13,408,223</u>	<u>18,154,730</u>
(a) Contract Assets comprises of:		
- Unbilled Revenue	213,794	6,514,246
- Other Accrued Income	426	10
	<u>214,220</u>	<u>6,514,256</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 BANK DEPOSITS

	As at 31 December 2022 \$	As at 30 June 2022 \$
Current		
Bank Deposits	11,307,724	5,296,676

Bank deposits are term deposits which are held as security for bank guarantee.

8 OTHER CURRENT ASSETS

	As at 31 December 2022 \$	As at 30 June 2022 \$
Deferred Commission Costs	-	3,358
Prepayments	2,012,828	624,172
Security Deposit	844,375	556,011
	<u>2,857,203</u>	<u>1,183,541</u>

9 TRADE AND OTHER PAYABLES

	As at 31 December 2022 \$	As at 30 June 2022 \$
Trade payables	4,272,779	2,998,165
Accrued expenses	8,619,346	3,345,751
Sundry payables	195,800	389,069
Goods and services tax payable	162,713	-
	<u>13,250,638</u>	<u>6,732,985</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 LEASES

(a) Amounts recognised in the balance sheet

	As at 31 December 2022 \$	As at 30 June 2022 \$
The balance sheet shows the following amounts relating to leases:		
Right-of-use asset		
At cost	5,634,732	2,107,520
Less: Accumulated depreciation	<u>(1,972,938)</u>	<u>(1,732,528)</u>
	<u>3,661,794</u>	<u>374,992</u>
Opening balance	374,992	622,319
Addition	3,526,863	-
Depreciation	(239,943)	(241,975)
Foreign currency exchange difference	(118)	(5,352)
Closing balance	<u>3,661,794</u>	<u>374,992</u>
	As at 31 December 2022 \$	As at 30 June 2022 \$
Lease liabilities		
Current	546,077	385,818
Non-current	<u>3,085,889</u>	<u>26,399</u>
	<u>3,631,966</u>	<u>412,217</u>

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2022 were as follows:

	Within 1 year \$	1-5 years \$	Over 5 years \$	Total \$
At 31 December 2022				
Lease payments	628,198	3,135,174	213,665	3,977,037
Finance charges	<u>(82,121)</u>	<u>(261,639)</u>	<u>(1,311)</u>	<u>(345,071)</u>
Net present value	<u>546,077</u>	<u>2,873,535</u>	<u>212,354</u>	<u>3,631,966</u>
At 30 June 2022				
Lease payments	392,137	26,423	-	418,560
Finance charges	<u>(6,319)</u>	<u>(24)</u>	<u>-</u>	<u>(6,343)</u>
Net present value	<u>385,818</u>	<u>26,399</u>	<u>-</u>	<u>412,217</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 LEASES (Continued)

(b) Amounts recognised in the statement of profit or loss

	Half-year Ended 31 December 2022 \$	Half-year Ended 31 December 2021 \$
The statement of profit or loss shows the following amounts relating to leases:		
Depreciation charge of right-of-use asset		
Right-of-use asset	239,943	242,471
Interest expense (included in finance cost)	4,183	20,991
Expense relating to short-term leases	2,303,387	78,256

11 CONTRACT LIABILITIES

	As at 31 December 2022 \$	As at 30 June 2022 \$
Unearned revenue relating to energy services	2,729,975	2,255,381
Unearned revenue relating to telecommunication services	314,886	332,345
	3,044,861	2,587,726

The amounts recognised as a contract liability will generally be utilised within the next reporting period.

12 ISSUED CAPITAL

	As at 31 December 2022 \$	As at 30 June 2022 \$
Ordinary Shares		
Issued and fully paid	10,481,668	11,235,613
Issued and partially paid	26,040	140,000
	10,507,708	11,375,613
	Number	\$
Balance at 1 July 2022	11,375,613	10,499,308
Received related to ESOP shares	-	8,400
Balance at 31 December 2022	11,375,613	10,507,708

Movements in Ordinary Shares on Issue

13 CONTINGENT LIABILITIES

As at 31 December 2022 the consolidated entity has issued bank guarantees totalling \$11,307,724 (30 June 2022: \$5,296,676) for which term deposits are held to secure this amount. Refer to Note 7.

There are no other contingent liabilities as at the date of signing of this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 FAIR VALUES OF FINANCIAL INSTRUMENTS

	As at 31 December 2022 \$	As at 30 June 2022 \$
Current Assets		
Derivative financial instruments	267	50,434,492
	<u>267</u>	<u>50,434,492</u>
Current Liabilities		
Derivative financial instruments	1,312,777	10,488
	<u>1,312,777</u>	<u>10,488</u>

At balance date, the Company has a number of derivative financial instruments which are recorded at fair value in the Statement of Financial Position.

	Fair Value \$	Carrying Amount \$
Current Assets		
Derivative financial instruments		
Opening Balance		
- Designated	50,434,492	50,434,492
- Non designated	-	-
	<u>50,434,492</u>	<u>50,434,492</u>
Acquired	267	267
Recognised in the statement of profit or loss and other comprehensive income	<u>(50,434,492)</u>	<u>(50,434,492)</u>
Closing Balance		
- Designated	-	-
- Non designated	267	267
	<u>267</u>	<u>267</u>
Current Liabilities		
Derivative financial instruments		
Opening Balance		
- Designated	-	-
- Non designated	10,488	10,488
	<u>10,488</u>	<u>10,488</u>
Acquired	-	-
Recognised in the statement of profit or loss and other comprehensive income	<u>1,302,289</u>	<u>1,302,289</u>
Closing Balance		
- Designated	1,312,777	1,312,777
- Non designated	-	-
	<u>1,312,777</u>	<u>1,312,777</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

These financial instruments are classified as "Level 2" instruments per the fair value hierarchy in AASB 13. Level 2 refers to instruments where the fair value is determined using inputs other than quoted prices other than those traded on an active market.

	Carrying Amount \$	Level 2 \$	Total \$
Balance at 31 December 2022			
Financial assets			
Derivative financial instruments			
- Foreign currency derivatives - cash flow hedges	267	267	267
	<u>267</u>	<u>267</u>	<u>267</u>
Financial liabilities			
Derivative financial instruments			
- Energy derivatives - cash flow hedges	1,312,777	1,312,777	1,312,777
	<u>1,312,777</u>	<u>1,312,777</u>	<u>1,312,777</u>

The fair value of the instruments has been determined by reference to comparable similar instrument prices as at the reporting date.

The instruments include Cap and Swap agreements mitigating exposure to significant increases in energy prices over the next twelve months.

15 SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Apart from the dividend declared, as disclosed in Note 5, no other matters or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of these operations, or the Group's state of affairs in future financial years.

16 SEGMENT REPORTING

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision makers in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on revenue stream. Discrete financial information about each of those operating business is reported on a monthly basis.

The consolidated entity operates in the provision of retail electricity and gas services to residential and businesses and of the of pre-paid mobile and related services in Australia. However, the revenue contributed by pre-paid mobile and related services is minimal. Therefore, management has concluded that the consolidated entity has one reportable segment, being the provision of retail electricity and gas services.

DIRECTORS' DECLARATION

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*; and
 - (i) comply with Accounting Standard AASB 134 "*Interim Financial Reporting*" and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the financial position of the consolidated entity as at 31 December 2022 and of the performance for the half-year ended on that date.
- (b) as at the date of the declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.

On behalf of the Board



Greg McCann
Chairman



Chiao-Heng (Charles) Huang
Managing Director

Dated 24 February 2023

Independent Auditor's Review Report

To the Members of TPC Consolidated Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of TPC Consolidated Limited and its subsidiaries (the Group), which comprises the consolidated condensed statement of financial position as at 31 December 2022, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of TPC Consolidated Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the TPC Consolidated Limited financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

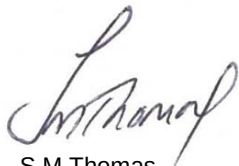
Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



S M Thomas
Partner – Audit & Assurance

Sydney, 24 February 2023